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U.S. Wheat Exports to Japan

Benelux Food Marketing

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This week's cover:

Ecuadorean boy attempts to till the rocky soil of the Andes. For a report on the current agricultural situation in Ecuador see article beginning page 6. (Photo courtesy FAO.)

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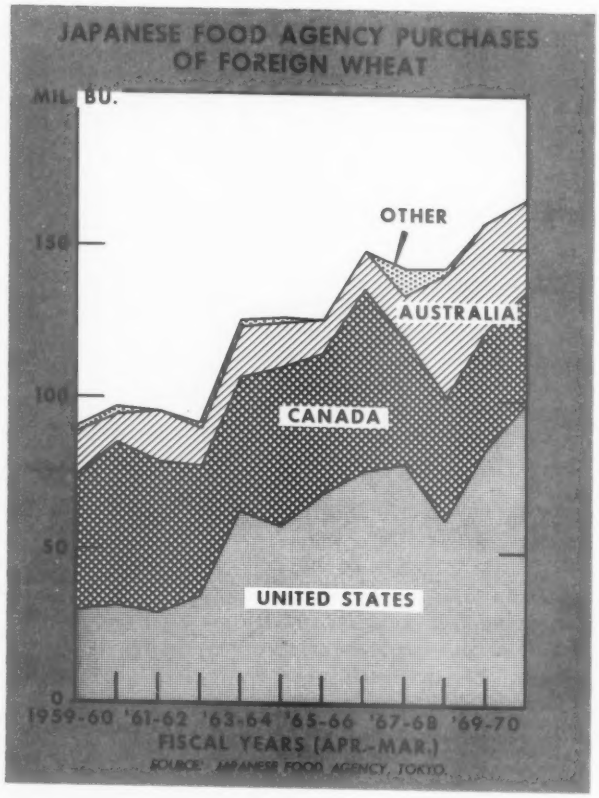

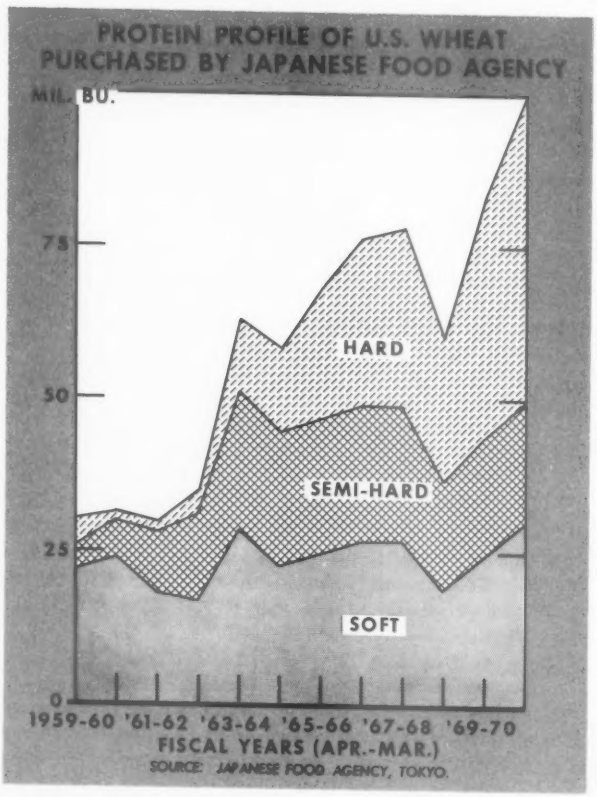

U.S. Wheat Sales to Japan Hit 100-Million-Bushel Goal In 1970—a Payoff for U.S. Market Development

By RICHARD E. BELL
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Purchase of 100.1 million bushels of U.S. wheat by the Japanese Food Agency in Japan's fiscal 1970-71 (ending March 31) was the first commercial purchase of this size by a single country in a given year. Much of the credit must go to U.S. market development work.

This total was 21 percent above the 82.6 million bushels purchased in 1969-70 and raised the U.S. share of Food Agency purchases to 60 percent, compared with 52 percent in 1969-70 and an annual average of about 50 percent for the past 5 years.

A 100-million-bushel goal was set for Japan in 1967 by the U.S. Department of Agriculture and its market development cooperator for U.S. wheat in Asia, Western Wheat Associates, USA, Inc. Market development work for U.S. wheat was initiated in Japan in the late 1950's but it was not until the 1960's that the U.S. promotion effort had its biggest impact.

In many ways, Japan is an ideal market for wheat promotion. Demand for wheat imports is strong, with annual purchases by the Food Agency increasing from 90.2 million bushels during 1959-60 to 166.4 million bushels during 1970-71.

Factors favoring wheat use in Japan include population growth, rising incomes, changing consumer habits, a flourishing milling and baking industry, and the desire of the Japanese Government to improve the general nutrition of the Japanese people.

Per capita income gains have been spread fairly evenly among the various sectors of the economy, and there have been strong increases in consumer demand and changes in food-buying patterns and eating habits. The Japanese are shifting away from rice and fish, their traditional foods. Wheat flour has been substituted for part of the large amount of rice consumed by the average Japanese.

Larger wheat imports by Japan have also been encouraged by the decline in Japanese wheat production from a peak of 65 million bushels in 1961 to only 17.4 million bushels in 1970. Domestic production provided nearly 40 percent of Japan's wheat requirements in the early 1960's but less than 15 percent this past year.

The U.S. market development program for wheat has had a role in helping encourage the growth of Japan's expanding milling and baking industries. Wheat flour production and use rose over 40 percent from 1960 through 1969, and per capita consumption of wheat flour increased from 57 pounds in 1960 to more than 70 pounds in 1969.

The basic use for wheat flour in Japan is for noodles, where much of the U.S. soft wheat, Western White, sold to Japan goes. Although noodle consumption in Japan has increased steadily during the past 10 years, it has not climbed as rapidly as consumption of bread and confectionery. Further, the Japanese milling industry, adopting more sophisticated milling techniques, has begun substituting cheaper wheats from other sources. Soft wheat from Australia has been particularly attractive price-wise in recent years and has made inroads into the soft-wheat market at the expense of Western White.

The United States has offset some of this loss by increasing its sales of lower protein Hard Red Winter. Some of the lower protein Hard Winters go into noodles.

Japan's biggest gain in wheat flour use during the past decade, however, has been for bread, which now accounts for about one-third of all wheat flour used in Japan. This development has enabled the United States to increase its sales of higher protein hard wheats to Japan (see accompanying chart on protein profile).

Wheat purchased by the Food Agency is of three types: hard, semihard, and soft. In the case of U.S. wheat, Northern Spring and higher protein wheat fit into the hard category; the lower protein Hard Red Winter fits the semihard category; and Western White from the Pacific Northwest, of course, is in the soft category.

Sales of higher protein U.S. Hard Red Winter and Northern Spring increased from 3 million bushels in 1959-60 to 48 million bushels in 1970-71. A market for Northern Spring did not really emerge until the mid-1960's, but since then sales have gone up from 6.2 million bushels in 1965-66 to 26.3 million bushels in 1970-71.

Part of this increase is due to U.S. hard wheat replacing some Canadian wheat in bread flour grists.

Fastest growing outlets for flour in Japan have been confectionery, industrial, and home use, which together account for over 28 percent of total wheat flour used. These uses require mostly soft and semihard wheats, and their expansion has opened up new outlets for Western White and lower protein Hard Red Winter from the United States.

Newest Japanese market for U.S. wheat is for Durum for pasta production. Sales of U.S. Durum have increased steadily in the past several years and reached nearly 2 million bushels in 1970-71. Prospects for future sales are thought to be excellent.

Future wheat sales, of course, will depend partly on the Japanese Food Agency, which plays the central role in Japan's wheat imports. Decisions of this independent body within the Ministry of Agriculture and Forestry affect not only the size of overall imports but also their origin.

In addition to its role in imports, the Food Agency is the main action agency in Japan's agricultural stabilization and price-support programs.

The Food Agency purchases all wheat imported into Japan, except for about 3.5 million bushels purchased annually by Japanese flour millers to offset com-

mercial flour exports. The Food Agency, in turn, resells imported wheat to flour mills on an allocation basis. Sales are based on a fixed schedule of resale prices according to origin, class, grade, and protein content. Resale prices are approximately 30 percent above the world prices at which foreign wheats are purchased.

The Food Agency uses funds generated by reselling the imported wheat to finance price-support operations for grains produced domestically. These funds about cover the costs of Japan's domestic price-support programs for wheat and barley.

Despite the centralized purchasing authority of the Food Agency, flour millers are also important in determining the origins of wheat imports. Millers have an influence on resale prices and quantities of the various wheats imported by the Food Agency.

U.S. market development for wheat in Japan began in 1955 with an exchange of teams between the two countries and a U.S. wheat exhibit at the Japan International Trade Fair. In 1956, an American employee of the Oregon Wheat League opened an office for U.S. wheat in Tokyo, and between 1956 and 1959, institutional and educational projects were initiated with Japanese Government agencies.

At that time the Japanese were buying U.S. wheat under Title I of Public Law 480 and paying for it with Japanese yen rather than U.S. dollars. The market development job was to show how wheat could be used by the rice-eating Japanese.

Activities included a kitchen bus project, under which mobile nutrition-education units toured the countryside, staffed with cooks who demonstrated preparation of wheat dishes; a school lunch program; and nutrition-education training for Japanese home economists.

When the economy had progressed far enough that Japan no longer needed to buy wheat on concessional terms, it began to purchase wheat commercially with convertible foreign exchange. At that time the Japanese began to buy more hard wheat from Canada, and purchases of wheat from the United States, mainly soft Western White, began to level off.

A new program was needed to meet this challenge. Two wheat-producer market development organizations—Western Wheat Associates, Inc., and Great Plains Wheat, Inc.—had already been formed. In 1959 these organizations joined the USDA in wheat-promotion efforts, and Western Wheat Associates was given administrative responsibility for work in Asia.

With Japanese purchases of Western White declining, the USDA and the two market development associations went to work to obtain reduced rail rates for Hard Red Winter moving to west coast ports, where the Japanese wanted it. In 1961, U.S. railroads announced a reduced rate for wheat moving to the west coast. As part of the overall effort, the USDA's Commodity Credit Corporation established a new pricing policy for Hard Winter wheat exported from the west coast.

Meanwhile, the Wheat Associates staff in Japan began to take a more "hard sell" approach. They began to work with the Japanese trade—and local wheat trade associations, which had not existed earlier—to promote wheat use in general and U.S. wheat in particular. (There are now about a dozen wheat trade associations functioning in Japan, each representing a different group of wheat users.)

The Wheat Associates market development program in Japan now has two basic objectives: To help Japanese millers, bakers, and allied groups increase overall consumption of wheat foods—and to increase and hold the U.S. share of Japan's annual wheat imports. The work is carried out with the help and advice of the U.S. Agricultural Attaché's office in Tokyo.

Activities fall into three broad categories: (1) Gathering and reporting market information and in particular maintaining a close liaison with the Food Agency, (2) Providing technical assistance to millers, bakers, and noodle manufacturers and (3) Convincing decisionmakers of the quality of U.S. wheat.

Since the milling industry has become more sophisticated, it no longer needs the type of technical help Wheat Associates once provided. Technical servicing continues, but it has a different slant. U.S. technical experts are still sent to work with the Japanese industry, but they work on different problems than in the past. A technical expert went last year to help the Japanese improve cake quality. A cookie specialist will be sent this year.

With convenience foods becoming more important in Japan and many mills switching emphasis from production to marketing, the Wheat Associates staff has begun working with mills and allied industries to help introduce consumers to new wheat foods of this type. The staff has assisted with in-store promotions and other retail promotions aimed at the Japanese consumer.

Wheat Associates has also been working at the consumer level with the Japan Noodle Manufacturers Association to help maintain the slow, but upward, movement in noodle consumption. Ramen, an instant noodle, has become increasingly popular with the Japanese in recent years.

The Wheat Associates staff continues its important liaison work with the Japanese Food Agency. Daily contact is maintained with key Food Agency officials to provide information on U.S. wheat and discover problems that may be emerging. Problems are reported quickly to the United States so that corrective action can be taken.

For instance, in 1968-69 the Food Agency temporarily suspended purchases of U.S. wheat due to sprout damage in the wheat. Subsequently, Western Wheat Associates, the USDA, the grain trade, and other interested groups in the Pacific Northwest initiated an annual wheat-quality survey to make sure the problem would not arise again.

The trend toward a more diversified diet in Japan is expected to persist, and with it the trend toward consumption of more wheat foods. However, developments for wheat during the 1970's probably will not be as dramatic as in the 1960's. Consumption projections prepared by the Japanese Ministry of Agriculture and Forestry show a rise in per capita consumption of wheat flour but not at the pace of recent years. The increase during the next few years is expected to be 2–3 percent per year. To this can be added a population growth of about 1 percent a year.

The experience in market development work in Japan can be and is being applied in other countries where similar factors encourage greater wheat consumption. Both Taiwan and South Korea have fast-developing economies, rising incomes, and very little wheat production. In addition, their populations are traditionally rice eaters. Market development work is already paying off in Taiwan as it can in Korea. Programs are also having success in Hong Kong and the Philippines.

Face increased competition

U.S. Variety Meats Vie for Dutch Market

U.S. variety meats, long dominant in the Netherlands market, faced increased competition from Dutch production and Argentine exports during 1969 and 1970. In this latter year the Netherlands ranked as the fourth largest world market for U.S. variety meats, taking some $10.3 million worth, including transshipments.

Demand for variety meats is increasing in the Netherlands—both fresh and for use in processing. Domestic production has grown steadily, and imports had also risen until 1970 when heavy domestic slaughtering reduced imports 9 percent. Imports have come largely from the United States and Argentina, the biggest categories being frozen beef tongues, oxtails and beef kidneys, beef livers, hog livers, and hog hearts and tongues.

Increased production by the Netherlands is especially evident in hog variety meats, other than liver. This accounted for the largest part of the drop in total variety meat imports from 1969 to 1970. Imports from the United States fell 11.2 percent from 1969 to 1970. Heavy slaughtering of hogs in the Netherlands will probably continue in 1971.

Argentina—because of increased slaughter during a period of low prices —was able to export a much greater quantity of oxtails and beef kidneys to the Netherlands in 1969 and 1970 than did the United States. This reduced the U.S. share of the market to 1 percent in 1970.

However, prices for cattle in Argentina are now approximately double what they were a year ago and several slaughterhouses have suspended operations. Total exports of variety meats from Argentina to all markets were only 3,832 tons from January 1 to February 5, 1971, as compared with 11,596 tons for the same period in 1970. It is likely that the Argentine share of the Netherlands variety-meat market will diminish during 1971 as a result of shorter supplies and higher prices. This should benefit U.S. exports, which have maintained superior quality, but have not been able to compete with the lower prices.

Because of this quality advantage, some U.S. products have not been affected by increased competition. This is particularly true of beef liver since the United States is the only source for "selected beef livers" especially suited for cooking. These are in great demand in Holland where this product is a favorite sandwich meat. Argentina has been able to capture much of the market for regular beef liver, used in sausage making, because of lower prices.

U.S. hog liver, mostly used for sausage although about 20 percent is consumed fresh, has also been favored because of higher quality, but it, too, has run into competition from Argentina. However, Argentina has not always been able to supply desired quantities and quality.

The United States has maintained its position as the Netherlands' major source of frozen cattle tongues, because of good quality, attractive prices, and reliable supply. However, the Dutch import market for this product has steadily declined over the last 5 years.

The Dutch produce enough cattle tongues to meet their needs. Imported tongues are used almost exclusively for canning and are then shipped abroad, primarily to the United Kingdom. But in 1965 U.K. import tariffs on canned tongue were raised, and Dutch exports to the United Kingdom went from 2,000 metric tons in 1964 to 1,125 metric tons in 1970. Since 1965, the number of Dutch beef tongue canners has decreased from about 10 to two and imports have dropped accordingly.

The outlook for 1971 indicates that there will be little opportunity for the United States to increase exports of pork variety meats to the Netherlands in the face of increased domestic production. There is, however, some chance of regaining a share of the market for beef variety meats because of possible reduced Argentine supply. The United States will continue to dominate the supply of certain high-quality products, such as beef and pork liver.

—Based on dispatch by
BRICE K. MEEKER
U.S. Agricultural Attaché, The Hague

IMPORTS OF FRESH, CHILLED AND FROZEN VARIETY MEATS INTO THE NETHERLANDS

Item and source	1966	1967	1968	1969	1970
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
Cattle tongues (frozen)	3,726	3,522	2,784	2,522	2,186
United States	3,450	3,277	2,567	2,447	2,013
Argentina	102	181	118	25	14
Other	174	64	99	50	159
Cattle livers	(1)	(1)	(1)	2,415	2,602
United States	—	—	—	1,608	1,583
Argentina	—	—	—	712	847
Other	—	—	—	95	172
Other cattle variety meats	4,494	5,124	5,301	5,164	5,221
United States	2,173	2,187	1,926	182	57
Argentina	841	1,612	2,217	3,306	3,810
Other	1,480	1,325	1,073	1,676	1,354
Hog livers	2,598	3,494	3,917	4,239	3,684
United States	1,315	1,945	2,444	2,179	2,145
Argentina	954	1,274	1,054	1,670	1,030
Other	329	275	419	390	509
Other hog variety meats	2,038	2,825	3,248	4,056	3,080
United States	646	1,263	1,161	1,473	1,307
Argentina	544	768	642	558	510
Other	848	794	1,445	2,025	1,263

[1] Included in other cattle variety meats category until 1969. Source: Netherlands Central Bureau of Statistics.

Ecuador's New Policies May Raise Exports, Cut Imports, Increase Food Production

By GUY L. HAVILAND, JR.
U.S. Agricultural Attaché
Quito

During 1970, Ecuador took a series of steps to strengthen the country's economy and because of the importance of agriculture, it was a primary target of change. This sector accounts for nearly one-third of Ecuador's gross domestic product—$1.6 billion in 1969—earns 90 percent of the country's export income, and employs 55 percent of the labor force.

The aims of Ecuador's new policies were to increase food production, strike a better balance between imports and exports, strengthen Ecuador's competitive position on world agricultural markets, and reduce domestic expenditures.

Total imports during the first 11 months of 1970 were $233 million, $20 million below the level of 1969. Agricultural commodity imports and other essential items were almost the same as in 1969, but imports of nonessential items dropped by $19 million.

Wheat and edible oils are major Ecuadorean imports and the United States supplies a large share of both, as well as tallow, corn starch, and infant and dietetic foods. U.S. agricultural exports to Ecuador in 1969 amounted to $12 million; total U.S. exports were $97.3 million.

Ecuadorean export permits through mid-December 1970 rose to $194 million, $49 million higher than the same period in 1969. Following devaluation in August, monthly exports averaged almost 50 percent higher than in the same months in the previous year.

The Government took its first action at the beginning of 1970 when economic conditions continued to worsen. It revised income taxes that had been established by the farming and forestry development act of 1966 and established land taxes on farms, with particular emphasis on those that had been improved by construction of roads and irrigation projects and by electrification.

In August, the President of Ecuador devalued the sucre from 18 to 25 to the dollar. This enabled Ecuador's major agricultural exports to compete more strongly on world markets. And in September, a decree was issued aimed at eliminating tenant farming.

In October, the Ministries of Agriculture and Industries and Commerce were reorganized. Agriculture and industry now come under a newly established Ministry of Production which plans to place major emphasis on increasing agricultural production, especially of food items and commodities produced for export.

Of the four major agricultural export commodities—bananas, coffee, sugar, and cocoa, which make up more than 80 percent of Ecuador's total exports—only the quantity of cocoa which will be available for export in 1971 is in question. However, present indications are that there will be a good cocoa crop.

Production of the top export commodity, bananas, is expected to be at least as great in 1971 as it was in 1970, and 1971 coffee production is expected to be at a near-record level. Sugar available for export in 1971 will probably be more than enough to take care of Ecuador's domestic needs and the 1971 U.S. quota of 67,800 short tons.

Bananas. This commodity earns about 46 percent of Ecuador's total export income and is an important domestic food staple. There has been a steady banana production uptrend in the past decade, interrupted only in 1967 and particularly in 1968 when drought gripped most Pacific coast nations of South America.

In 1969, banana production again started to climb, culminating in a 1970 record outturn of 2.7 million metric tons, up 650,000 tons from 1961's output. Banana production in 1971 is expected to be at least 2.7 million tons.

Japan became a major export market for Ecuadorean bananas in 1970, buying to supply shortages resulting when Taiwanese and Philippine crops, Japan's normal sources of supply, suffered storm damage.

Sugar. Ecuador's production of sugar, like its production of bananas, has been growing, and with the exception of setbacks in 1965 and 1966, it climbed steadily from 103,000 metric tons in 1960 to 1970's record of 250,000 tons.

The record outturn resulted from growing conditions that were better for the 1970 crop than they have been for the past few years. The cane also had a higher sugar content.

Ecuador's sugar exports go only to the United States and depend on the size of the quota. Export availability

Bananas—largest export crop.

Sugarcane—ready for harvest.

in 1971 is expected to be in excess of 100,000 tons of refined sugar. In 1970, Ecuador's exports of sugar were $1 million less than in 1969 when they totaled nearly $10 million.

Cocoa. Production of cocoa beans in 1970 is estimated at 55,000 metric tons, 2,000 tons more than the 1969 crop. The main harvest was poor because of greater than normal rainfall which left the trees susceptible to disease. Exports of cocoa were down by $2 million from 1969—$21 million compared to $23 million.

It is too early in the season to predict with accuracy the exportable supply of cocoa in 1971; however, present indications are the crop will be considerably larger than in 1970. The weather was better in the cocoa area and it is expected the incidence of disease will be less than last year's.

Coffee. Growing conditions for Ecudorean coffee were favorable during the 1970 season, and the plantations were in good condition. The result was an outturn of a near-record 1.1 million bags, 66,000 metric tons. This is almost double the 1969 harvest of 657,000 bags, 39,000 tons.

Good conditions carried over into the new season and 1971's production is expected to be at record levels. Ecuador will easily fill its coffee quota, but as world prices are expected to be lower, export dollar earnings may be less. Due to devaluation, however, coffee producers will receive more for the exported portion of the crop.

The country's major coffee problems are surplus production and elimination of high levels of stocks that will face the country in the future. The Government plans to diversify 64,000 acres of unprofitable coffee land in the next 2 or 3 years into other crops.

Wheat. The 1970 wheat crop fell below expectations when cold weather occurred during the flowering season and resulted in poor pollination of high-yielding varieties. As a result, production dropped to an estimated 75,000 metric tons which is still 5,000 tons higher than the previous year's crop.

Most of the wheat plantings in Ecuador take place in January and February. Weather conditions were ideal for soil preparation, and this year's crop was planted on time. If good weather conditions continue during the rest of the season, production may reach 85,000 tons.

The United States normally provides much of Ecuador's wheat. In 1968-69, U.S. wheat exports to Ecuador totaled 63,000 tons, but fell to 57,000 tons the following year.

Rice. Production in 1970 is estimated at 167,000 tons of paddy, or approximately 100,000 tons of milled rice, 29 percent less than in 1969. The decrease was the direct result of a drop in area planted to rice in 1970, 197,000 acres compared with 269,000 the previous year.

The outlook for the 1971 winter rice crop is uncertain at present. The Government's new Agrarian Reform Law will abolish tenant farming in the rice area but it is unknown what effect this will have on production. It is expected less acreage will be planted, but yields should increase as technical assistance becomes available from the Government of Ecuador.

Livestock. During 1970, livestock production continued to increase, but at a very slow rate. The number of cattle is estimated at 1.9 million head but is growing at a rate of less than 2 percent per year, or about one-half of the increase in human population.

Sheep continue to increase at an estimated 3 percent annually and the total was about 2.1 million head in 1970. The hog population was estimated at 2 million head in the same year.

Total production of red meats in 1970 was estimated at 66,000 tons, equivalent to an annual per capita consumption of only 24 pounds. Beef supplies will continue to be tight with no improvement expected in 1971.

Fats and oils. The 1970 production of edible oilseeds is estimated at 8,000 tons, crude oil equivalent, a 1,200-ton increase over 1969 output. Production was less than previously estimated because royal palm kernel and cottonseed crops were less than forecast. Production of African palm and sesame continues to increase, but domestic production has not improved as much as the Ecuadorean Government had predicted.

Edible vegetable oil imports during January-October 1970, mostly soybean oil, were larger than for the same period of 1969, however, total edible oil imports are running at about the same level. Palm and fish oil imports were very low, about one-third the level of 1969 imports.

Demand for edible vegetable oils is increasing in Ecuador more rapidly than domestic production. The Government has increased the domestic price of vegetable oils to encourage oilseed production. Even with an anticipated larger African palm oil crop and incentive programs, Ecuador's 1971 production of oilseeds is estimated at only 10,000 tons, crude oil basis. It is expected the country will have to import 20,000 tons of vegetable oils in 1971 to meet the country's needs. The United States appears to be in an excellent competitive position to supply this oil.

Tallow imports, although controlled by the Government of Ecuador, totaled 15,000 tons in January-October 1970, about 1,000 tons higher than the same period in 1969. U.S. exports accounted for all of the increase. Ecuador will import about 18,000 tons of tallow in 1971 to meet the strong demand for fats by the soap industry.

Modernization Brings "American Look" To Benelux Food Marketing Industry

With a rise in consumers' income and in competition for their business, the Benelux countries of Belgium, the Netherlands, and Luxembourg have found themselves caught up in a food-merchandising revolution.

The revolution is sweeping away the small and inefficient food businesses, as consumers demand lower prices, a wider range of quality and convenience products, and dependable service and as they increasingly drive to suburban supermarkets or "superettes."

In the meantime, the neighborhood grocery or specialty food store, bulwark of the traditional retail system, is closing shop, and the owner is retiring or going to work in a factory where he can obtain higher wages. The wholesaler who serviced this small shop is also finding himself squeezed out of business, and the small factory that produced its goods is faced with the choice of merging if possible or dying.

This is a scene familiar to all industrialized nations and similar to that in the United States a few years back. It will culminate, as the U.S. food revolution did, in dominance of the market by large, integrated companies, be they integrated food chains, voluntary chains, consumer cooperatives, department store and variety store chains, or cooperatives of retailers.

All of this has important implications for the U.S. exporter, whose future sales in Benelux countries hinge on his keeping abreast of change. If he does keep up, the market should continue lucrative—as it has been in the past. (During recent years, U.S. agricultural exports to these countries have totaled nearly $500 million, consisting largely of grains and oilseeds but also including a wide mix of processed and convenience food products.)

Bounded on the north and east by the North Sea and on the south and west by France and West Germany, the Benelux region occupies less territory than half of Iowa. It manages, however, to support 23 million people—indeed, the Netherlands is the world's most densely populated nation—at a level of living that is 22 percent above the West European average.

Two of the countries—the Netherlands and Belgium—enjoy premier positions in world trade, and their bustling ports of Rotterdam, Amsterdam, and Antwerp are centers of European transshipment trade.

While population growth is slight, per capita income is increasing at about 4 percent a year. It is this growth in spending power that is pushing up food expenditures—expected to rise about 27 percent over the decade—and working to bring about changes in food production and distribution.

With higher incomes, Benelux consumers are spending more on meats and other high-quality expensive foods; less on potatoes and bread. At the same time, they are increasing purchases of convenience foods—frozen foods, fully prepared main dishes and dinners, snack foods, canned soups, and pet foods—at the rate of 10-20 percent a year.

Rapidly rising ownership of automobiles and refrigerators provides the means to change life styles drastically: no longer is the consumer confined to shopping within his neighborhood or where public transportation will carry him, nor must he purchase small quantities and avoid stocking up on perishable items.

Automobile ownership is at its highest level in Luxembourg, 217 per 1,000 in 1968, but rising rapidly in Belgium and the Netherlands. Refrigerators are now owned by over 90 percent of the households in Luxembourg, 75 percent in the Netherlands, and 50 percent in Belgium. Moreover, many of the 4 cubic-foot models are now being traded in for larger ones with up to 2 cubic feet of freezer space.

Another force behind the food revolution is the working wife. In recent years, women have made up about 25 percent of Dutch civilian employment and over 32 percent of Belgian employment. At the same time, domestic help is more difficult to obtain and more costly than in the past, so some families, no longer having help at home, are turning to convenience foods.

Also serving to alter consumption habits has been the greater exposure to customs and habits of other nations through radio and television, magazines and newspapers, and stepped-up tourism. This has resulted in a gradual

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This article is based on the publication *Food Marketing in Benelux Countries: Development Prospects for 1980*, Significance for U.S. Exports, FAER No. 70, March 1971. Copies of the publication may be obtained from Information Division, OMS, U.S. Department of Agriculture, Washington, D.C. 20250.

This food market in the Hague, once a clerk-serviced store, has changed over to self-service retailing. It is part of the large Dutch De Gruyter chain.

shift away from traditional dishes to other European or international cuisine.

Similarly, as companies have moved toward the 8-hour day, they have often reduced the traditionally long lunch hour, this prompting a rise in popularity of quick-service restaurants and easy-to-prepare food.

With so many forces of change at work, it is little wonder that the small food stores are going out of business at the rate of 5 percent a year in Belgium and 3 percent in the Netherlands. There remain, however, enough to keep the total number of food retailers unusually high. Belgium, for instance, still has around 61,000 serving an average of 160 people each; the Netherlands, some 67,000; and Luxembourg, 1,550.

These small businesses reflect a time when few families owned automobiles or refrigerators, low incomes provided enough only for basic food products, and an abundance of cheap labor served to perpetuate the fragmentation of marketing.

Their survival was further assured by a number of regulations. Between 1937 and 1948, for instance, Belgian law prohibited the opening of new department stores. Up until the 1960's, Dutch supermarket expansion was curtailed by requirements that retailers obtain certificates of capacity and proficiency for each major product line. And even today Luxembourg law prohibits sizable food or department stores.

In contrast, the Netherlands and Belgium today encourage modernization.

As small retail businesses have been bypassed by the times, supermarkets and smaller superettes have come into their own. Their forerunners were the small self-service markets introduced during the early years of postwar recovery.

Numbers of these new stores grew slowly at first, totaling only 205 in the Netherlands by January 1955 and just 119 in Belgium by January 1957. Belgium opened its first real supermarket in 1959 and in the succeeding 10 years opened such stores at the rate of about three every 2 months.

By the late 1960's self-service retailing had become sufficiently well accepted to begin a period of rapid expansion. As a result, for the past 3 years Belgium has been getting a new supermarket every 5 days, and the Netherlands, two every 9 days. For the two countries combined, the total number of self-service stores is currently around 13,000.

Another facet of the expansion has been the rise in large, integrated companies—corporate food chains, consumer cooperatives, and department-variety stores. Today, these companies account for a third of retail food sales in Belgium and a fifth of sales in the Netherlands. Furthermore, independent stores affiliated with the companies account for another large chunk of the business—in Belgium, it is a third.

In the Netherlands, the government has not only reversed past laws restricting supermarket expansion but is now actively encouraging it through a unique program enacted in 1968. The program offers early retirement to low-income shop owners who are at least 58 years of age and will agree to liquidate their shops. In addition, younger men may be given retraining and assistance in finding employment.

Belgium also has eliminated all restraint on large-scale retailing.

With their rise in size and marketing know-how, Benelux retailers have become increasingly sensitive to consumer demand. They are constantly replacing slow-selling low-margin items with faster moving products, which more often than not are new convenience foods and nonfoods. The latter category is expected eventually to account for 40 percent of total sales, against about 15 to 20 percent today.

Another trend among the larger supermarkets is toward retailer-brand products that can be priced below the processor brands.

The advent of the food chain and department-variety store has had repercussions at all levels of food merchandising, hitting not only the retailer but also the wholesaler and manufacturer.

Wholesalers, especially, have come upon hard times, in part because of the tendency of large food chains to deal directly with manufacturers. As a result, thousands of these middlemen dropped out of the industry during the 1960's and thousands more will leave during the 1970's. In Belgium, for instance, the total number of food and kindred-product wholesalers plummeted by over 80 percent between 1961 and 1967 to 3,589, with the portion having no hired employees decreasing from 70 percent to one-third.

The food manufacturers, while highly important as a whole to the economies of the Netherlands and Belgium (Luxembourg is dominated by the huge steel industry), are mainly small independent family enterprises using artisanal production methods and serving only the local market.

As late as 1968, three-fourth of the 8,028 plants operating in Belgium employed fewer than five workers each. But the 138 firms that did employ 100 or more people accounted for 46 percent of the industry's workers.

While the 1960's saw the food industry revolution rapidly gaining impetus in the industry, the 1970's are seen as years of rapid change.

At some point in the current decade, the structures of the food retailing systems will become much like the current ones in Sweden and the United States. By 1980, 12-15 large organizations are expected to make 75 percent or more

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The Growing Poultry Industry Of Vietnam

By DON KNOWLTON
Extension Service

The rapid commercialization of South Vietnam's poultry industry during the past 3 years has materially enhanced the economic aspects of that country's Vietnamization program. Poultry production is now making a substantial contribution to national and farm family incomes as well as to the nutritional welfare of the urban population.

In late 1968 the U.S. Agency for International Development, in cooperation with the Government of Vietnam, launched an expansion program to convert the typical family flock of five to 15 indigenous birds into efficient, economical units of quality stock for meat and eggs. In less than 3 years, small farm flocks have been supplemented by large operations capable of producing two million day-old chicks per month and marketing about 10 million eggs and 250,000 broilers per week. The industry is supported by increasing imports of parent stock, feedgrains, protein supplements, and poultry equipment—primarily from the United States.

Characteristically, political imperatives played a large part in the inception of the expansion plan. At a time when the Government of Vietnam was vying with the Viet Cong for the allegiance of the population, a fast-developing and highly profitable program was seen as one means of convincing the people their Government was giving full attention to their well-being. A strong local industry made good economic sense in terms of insuring continuity and generating other related industries.

The program, established in 1968, had three basic goals aimed at increasing commercial hatchery capacity, broiler marketing, and egg production by 15 percent annually during the next 3 years. This would mean, by the end of 1971, increased hatchery capacity of 150,000 eggs per week and increased marketings of 150,000 broilers and 2.5 million eggs per week. By the end of 1970, these goals had been surpassed by 280 percent, 174 percent, and 400 percent respectively.

Vietnamese farmers and businessmen quickly recognized the profit potential of the poultry business and were willing to risk their capital. Since 1968, the production of 1,000 broilers per year or a laying flock of 200 hens has returned as much profit as one hectare of rice.

Originally, imports of parent stock and equipment were handled through the Government of Vietnam. However, difficulties arose because of the limited amount of U.S. dollars held by the Government and the resulting delays in delivery; and by mid-1970 the purchases were transferred to the commercial import program (CIP) of AID. CIP provides foreign exchange to assure the maintenance of adequate supplies of certain basic commodities.

Protein supplements for feed are also imported through CIP, while corn was purchased under Title I of P.L. 480. This is at least partially responsible for the rapid rise in Vietnamese imports of U.S. feed corn—from $962,000 in fiscal 1968 and 1969 to $7.9 million in 1970.

Commercial hatcheries and feed mills form the nucleus of the poultry expansion program. During 1970 alone the number of commercial hatcheries increased from 35 to 57, and feed mills now total 26. Hatcheries have also expanded in size. At least two have incubator capacities of over 200,000 eggs.

Training programs, organized jointly by AID and the Government of Vietnam are being widely used to supplement the growing industry. A 200-broiler unit with supporting training material has been used throughout all 44 provinces of South Vietnam in training classes and demonstrations. Hatchery operators are also beginning to train farmers who buy their chickens.

The poultry industry also has created much support among sideline industries and institutions. At least six firms now manufacture plastic poultry equipment and many local family firms produce metal feeders, waterers, and brooders. The Vietnamese National Institute of Bacteriology produces Newcastle, fowl pox, and fowl cholera vaccines and pullorum antigen.

As Vietnamese poultry production continues to climb, processing and marketing will be emphasized more. At least two companies plus the Vietnamese Poultry Association plan to start processing plants soon. Presently most broilers are sold live. However, with more

(Continued on page 16)

A 200-broiler house, typical of rural Vietnam.

The author served since July 1967 in Vietnam under a USAID contract with the USDA Extension Service. He was made National Poultry Adviser in 1968 to devlop the 3-year program and supervise its implementation.

French Sixth Plan Foresees Big Boost In Corn and Durum Output in 1975

French grain production is expected to reach nearly 40 million tons in 1975, up from 32.4 million tons in 1969-70, according to the grain working group of the Sixth French Economic Plan. During the Fifth Plan, French production of all grains increased by 5 million tons; the Sixth Plan—which has not yet been approved—envisages an increase of 7 million tons.

A recent review of the grain working group's recommendations appeared in an article in the *Journal* of the French Grain Producers Federation. According to the article, the 7-million-ton increase is based on optimum acreages, and this leads to a total for all grains greater than that likely to be realized. The article indicates that a production increase of 6 million tons is more likely.

Of the total increase, two grains are particularly noteworthy: corn and Durum wheat. Corn production is forecast at 10 million tons in 1975, up from 5.7 million tons in 1969-70. Exports of corn as grain to the European Community are expected to nearly double by 1975, while exports to third countries are expected to treble.

The forecast for Durum is for a production of 660,000 tons on an area of 494,000 acres. If this outturn is realized, the production of Durum would exceed French consumption by 100,000 tons. However, the projection for 1975 shows that France plans to quadruple its Durum shipments to other EC nations.

France's production increases in 1975 will result in some cases—such as soft wheat—from an expected increase in yield, whereas in other instances—notably Durum wheat and corn — they would come from a combination of increased yield and acreage. The 1975 estimate indicates a total acreage increase of 568,400 acres.

This predicted increase in acreage raises the question of where the additional land will come from, whether from area now in permanent pasture or possibly from land now devoted to crops such as potatoes.

On the consumption side, the appraisal of the French Sixth Plan forecasts that 6 million tons of grain will be used for animal feed off-farms against 5 million tons in 1969-70. The working group points out that very large possibilities exist for the use of grain for animal feed but it also says they are difficult to estimate. Recent experience indicates that demand for such use is on the increase but at an irregular rate.

The working group also reports that French grain shipments within the EC will total about 8 million tons in 1975 compared with over 5 million tons of all cereals in 1969-70.

U.S. Share of Hong Kong Wheat Imports Doubles

The U.S. share of Hong Kong's total wheat and flour imports has increased from 13 percent in 1965-66 to 28 percent in 1969-70.

Canada's share of the Hong Kong market dropped from 20 percent to 15 percent during the same period, while Australia's share fell from 42 percent to 33 percent. Total Hong Kong imports of wheat and flour in 1969-70 were 192,000 metric tons.

The U.S. share of Hong Kong's market in the first 8 months of the 1970-71 marketing year was 30 percent.

U.S. Rice Outlook

Larger world rice supplies and a weakening import demand may result in a reduction in U.S. exports during 1970-71. Dollar exports are lagging behind the year-earlier pace, and the level of Government-assisted exports for the year will hinge on several uncompleted food aid shipments.

The 1970-71 world rice crop (excluding Communist Asia) is forecast at a record 197 million metric tons, up 2 percent from last year. An expansion in both acreage and yield in Asia, the world's rice bowl, accounts for most of the increase.

Larger exportable supplies of rice and reduced import needs will heighten competition in world trade. World rice prices have weakened and are currently running a fifth below year-earlier levels. Confronted with the record 1970-71 crop, rice prices in calendar 1971 may average at or below this past year's lower level.

Meeting Stirs German Interest in U.S. Wheat

Some 80 German flour millers and grain traders became acquainted with the baking properties and blending values of U.S. wheats during a symposium in Munich on February 25.

This meeting, the first of its kind, aimed to increase interest in U.S. wheats among millers of southern Germany, particularly those who have not been using U.S. wheats in their grists. Germany imported over $31 million of U.S. wheat in 1970, but much of this was destined for markets in central and northern Germany.

The symposium was sponsored by Great Plains Wheat, Inc., the foreign market development organization for wheat producers in Colorado, Kansas, Nebraska, North Dakota, Oklahoma, and South Dakota. The German participants came from throughout southern Germany.

The major topic of the meeting was the results of milling and baking tests carried out by a Munich laboratory on U.S. spring and winter wheats blended with German wheat. The two U.S. wheats used in the tests, Dark Northern Spring and Dark Hard Winter, were taken from recent cargoes arriving at European ports and are typical of those that millers in southern Germany are presently able to buy.

Results of the tests showed that mixtures of 20 percent U.S. wheat and 80 percent German wheat resulted in near optimum milling and baking characteristics. Many of the millers stated that the test results agreed with their own milling experience.

The success of the symposium encouraged Great Plains Wheat to plan similar meetings in other parts of Germany and Europe.

Japan's Beef Quota

On March 17 the Government of Japan announced a general beef-import quota of 12,200 tons for the second half of the 1970 Japanese fiscal year (April 1970-March 1971). This brings the total general quota to 24,200 tons for the fiscal year. Also announced was a 500-ton special quota on beef for international hotels. According to trade sources 401 tons were imported under the previous 500-ton quota issued in March 1970.

CROPS AND MARKETS

Tobacco

U.K. Tobacco Imports Down

The United Kingdom, largest market for U.S. tobacco exports, imported less total tobacco in 1970 and less from the United States. The U.S. share declined from an annual average of about 50 percent during the 1966-1968 period to 41 percent for 1970.

Total U.K. imports in 1970 were 284 million pounds, down from an average of 307 million in 1960-64. Imports from the United States were 117 million pounds in 1970, compared with an annual average of 139 million pounds in 1960-64.

This changing pattern of imports probably is accounted for by two factors. The first is the United Kingdom's consideration of entry into the European Community and the potential impact of the EC's Common Agricultural Policy for tobacco. This policy provides substantial "buyer's premiums" and other subsidies to purchases of tobacco produced in the Community. The second is competition from other suppliers which have increased output following the United Nation's embargo on Rhodesian leaf in November 1965. The United Kingdom imported 31 percent of its needs from Rhodesia in 1960-64 but nothing during recent years following this embargo. The U.S. share of the U.K. market increased to 51 percent in 1966 following the embargo but has declined steadily since that year.

U.K. IMPORTS OF UNMANUFACTURED TOBACCO

Country of origin	Average 1960-64	1968	1969	1970
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Canada	34,565	44,485	56,122	47,361
Malawi	—	14,430	11,855	13,353
Rhodesia	101,098	—	—	—
Zambia	—	1,131	2,627	1,053
Tanzania	335	9,071	7,695	9,356
India	40,222	52,124	48,443	41,290
Pakistan	15	9,978	6,546	3,634
Other Commonwealth	688	3,275	3,343	2,325
Total Commonwealth	176,923	134,494	136,631	118,372
United States	141,870	164,600	134,643	116,850
South Africa	3,295	12,919	16,706	13,616
South Korea	—	884	6,368	13,135
Thailand	10	5,686	2,652	3,907
Other	3,045	9,848	8,487	17,683
Total non-Commonwealth	148,580	193,937	168,856	165,191
Grand total	325,503	328,431	305,487	283,563
	Percent	*Percent*	*Percent*	*Percent*
U.S. share	43.6	50.1	44.1	41.2

Tobacco Intelligence, published by Commonwealth Secretariat.

Other suppliers which have substantially increased their share to the U.K. market are South Africa, South Korea, Tanzania, and Pakistan. Malawi and Zambia became significant suppliers in 1965. However, the Zambian contribution has declined substantially since that time.

Commonwealth countries have a preference tariff of 18.5 U.S. cents on tobacco exported to the United Kingdom. Imports from these countries are dutiable at U.S. $11.91 per pound while those from the United States and other countries outside the Commonwealth come in at $12.10. U.K. imports from Commonwealth countries other than Rhodesia steadily increased from an average of 76 million pounds in 1960-64 to 137 million pounds in 1969 and then declined to 118 million pounds in 1970.

The United Kingdom is the only country in the world which produces a 100-percent flue-cured cigarette, and about 95 percent of its total imports are flue-cured tobacco. This makes it an especially important market for the United States, since about three-fourths of total U.S. exports are flue-cured.

Philippines Exports Low-Priced Tobacco

The Philippines has become a significant producer and exporter of tobacco. The United States has long been a major trading partner and currently is the principal outlet for Philippine cigar leaf scrap.

With Government assistance, production of Philippine tobacco, particularly flue-cured, has been encouraged in recent years and a sizable surplus stock of low-quality leaf has built up. Disposal of these stocks has become such a major concern of the Government that public auction of a large quantity of water-damaged leaf stocks was recently considered. Moreover, the Philippine President recently ordered the National Science Development Board to study the possibility of using certain tobacco parts for fertilizer.

U.S. imports of Philippine leaf are granted duty-free quotas (2.6 million lb. in 1970; 1.3 million in 1971-73) and preferential tariff rates at the old Cuban duty rate. Purchases by the United States have increased rapidly going from about 17 million pounds in 1964 to nearly 27 million in 1970.

U.S. exports to the Philippines have been erratic and relatively small because of the high duty and the Philippine law that requires 4 pounds of domestic leaf exports for each pound imported. U.S. exports of leaf were around 7 million pounds for a value of about $6 million in 1970.

During calendar 1970, Philippine tobacco exports were 67.5 million pounds for an average f.o.b. value of 17 cents per pound. About 20 million pounds of these exports were Virginia flue-cured leaf at the very low price of 3 cents per pound. Though most exports to the United States are still in scrap form, a sizable quantity in the past year consisted of Virginia leaf in unstripped form, with a lesser quantity in stripped form. This Virginia leaf was exported at the low

price of 1.7 cents per pound to the United States and an average of about 3.8 cents per pound to all other purchasers.

Major destinations for exports, as well as quantity and average price per pound, of this low-priced Virginia leaf, totaling about 20 million pounds, were as follows:

	1,000 pounds	*U.S. cents*
United States	7,960	1.7
Indonesia	5,173	3.3
South Vietnam	3,553	2.8
Federal Republic of Germany	1,274	6.6
Australia	891	4.9
Hong Kong	715	6.2
Total	19,878	3.0

U.S. tobacco producers have become increasingly concerned over the rising imports of competitive foreign-grown tobaccos, particularly the poor-quality low-priced leaf imported in recent years. If these cheaper tobaccos continue to be traded in U.S. markets, the United States may expect even louder growers' complaints that their industry is being injured.

PHILIPPINE TOBACCO EXPORTS BY DESTINATION, CALENDAR 1970

	U.S.		All others		Total	
Type	Quantity	Average price per pound	Quantity	Average price per pound	Quantity	Average price per pound
Virginia leaf (except wrappers):	*1,000 pounds*	*Cents*	*1,000 pounds*	*Cents*	*1,000 pounds*	*Cents*
Unstripped	7,960	1.7	11,918	3.8	19,878	3.0
Stripped	228	19.0	3,005	20.6	3,233	20.5
Native leaf (except wrappers):						
Unstripped	2,944	23.6	23,592	19.9	26,536	20.3
Stripped	58	38.1	375	30.1	433	31.1
Scrap	15,423	27.7	202	30.4	15,625	27.8
Cigar fillers and ends	280	25.4	183	23.4	463	24.6
Refuse (including stems & siftings)	87	10.0	1,182	10.0	1,269	10.0
Cigar wrappers	—	—	88	135.5	88	135.5
Total, all types	26,980	19.5	40,545	15.3	67,525	17.0

Based on data prepared by the Foreign Trade Division, Bureau of the Census and Statistics, Manila, Philippines.

Fats, Oils, and Oilseeds

Malaysian Palm Oil Production Increases

In 1970 West Malaysian palm oil production rose to 403,000 metric tons, 23.6 percent above the 1969 volume of 326,000 tons. This represented the sixth consecutive year of expansion, at an average rate of 22.1 percent annually; and, owing to new trees that have already been planted under the Federal Land Development Agency program, Malaysia's harvested acreage of oil palm is expected to double to 600,000 acres within the next 5 years.

Reflecting the recent increases in planting, palm oil exports from West Malaysia in 1971 are expected to increase by about 100,000 tons. In calendar 1970, these exports amounted to 371,000 metric tons or about 40,000 tons more than in 1969. The rate of export expansion was trimmed to only 12 percent against 24 percent in 1969, resulting in a 30,000-ton increase in stocks which could move into export this year. Domestic consumption of palm oil is estimated to amount to less than 10,000 tons annually.

West Malaysia's palm oil exports to Singapore, the United Kingdom, and Iraq in 1970 accounted for nearly three-fourths of the total. Exports to the United States, however, fell.

Exports of palm kernels in 1970 declined to 21,864 metric tons compared with 34,060 tons in 1969. This decline apparently reflected increased domestic use as well as some buildup in stocks. Major destinations for Malaysian palm kernels were Singapore, the Netherlands, the United Kingdom, and Japan.

West Malaysian palm oil prices, c.i.f. European ports, averaged 11.6 cents per pound in 1970—43 percent above the low level of 8.1 cents in 1969 and 15 percent above the 1960-69 average. Certain other oils such as soybean, sunflower, and fish registered even sharper price gains in 1970. Prices for cottonseed and rapeseed oils, however, increased by smaller percentages. Palm oil competes with these and other oils largely in the manufacture of margarine and shortening.

WEST MALAYSIAN OIL PALM ACREAGE, YIELD, AND PRODUCTION

Year	Area		Yield	Production	Exports
	Planted	Harvested			
	1,000 acres	*1,000 acres*	*Tons per acre*	*1,000 metric tons*	*1,000 metric tons*
1965	240	144	1.03	149	141
1966	303	155	1.20	186	181
1967	347	175	1.24	217	180
1968	498	185	1.43	265	268
1969	598	235	1.39	326	331
1970[1]	([2])	300	1.34	403	371
1971[3]	([2])	340	1.35	460	470

[1] Preliminary. [2] Not available. [3] Projection.
Dept. of Statistics, Kuala Lumpur; FAS projections.

WEST MALAYSIAN PALM OIL EXPORTS

Country of destination	1966	1967	1968	1969	1970[1]
	1,000 long tons	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*
Canada	12.4	8.5	10.1	13.8	11.7
United States	14.7	1.1	32.8	30.0	19.6
Belgium-Luxembourg	5	2.6	2.1	3.4	1.5
Germany, West	5.9	2.8	1.6	2.3	6.6
Italy	5.2	2.7	1.2	6.6	4.7
Netherlands	11.5	13.4	19.2	27.1	30.4
United Kingdom	29.0	32.0	51.4	61.4	78.9
Iraq	23.6	38.6	50.2	62.8	62.2
Singapore	57.7	66.1	82.8	96.6	125.0
Others	17.9	9.4	12.3	21.6	24.9
Total	178.4	177.2	263.7	325.6	365.5

[1] Preliminary. Department of Statistics, Kuala Lumpur, and *Annual Statistics of External Trade.*

Canada's 1971 Oilseed Acreage

Canada's intended-acreage report for 1971 field crops indicated that farmers plan to plant more acreage to rapeseed and soybeans and less to flaxseed.

Rapeseed area is expected to reach 5.1 million acres, an

increase of 29 percent from 1970's 3.95 million acres.

An additional 40,000 acres are expected to be planted to soybeans, bringing total area to 375,000 acres compared with 335,000 in 1970.

Flaxseed area, however, is expected to decline to 2 million acres, a decrease of 40 percent from last year's 3.4 million.

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 14	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.99	0	1.97
USSR SKS-14	1.97	−1	(1)
Australian FAQ	1.85	−1	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	1.99	0	1.88
15 percent	2.02	−1	1.97
U.S. No. 2 Hard Winter:			
13.5 percent	1.98	−3	1.79
USSR-441 Yellow Winter	(1)	(1)	(1)
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.77	0	1.66
Feedgrains:			
U.S. No. 3 Yellow corn	1.68	0	1.58
Argentine Plate corn	1.67	−2	1.58
U.S. No. 2 sorghum	1.42	−2	(1)
Argentine-Granifero sorghum	1.40	−4	1.33
U.S. No. 3 Feed barley	1.39	−4	1.03
Soybeans:			
U.S. No. 2 Yellow	3.22	−5	3.06
EC import levies:			
Wheat	1.50	−1	1.71
Corn [2]	.84	−5	1.00
Sorghum [2]	.98	−4	1.11

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. under those of other EC countries.
Note: Basis—30- to 60-day delivery.

World Oat Crop Slightly Lower

World oat production in 1970, at 50.5 million tons, was 2 percent below the 1969 harvest.

The U.S. oat crop was off 4 percent and the Canadian 1 percent. Declines were general in Western Europe, except Scandinavia. The East European crop was unchanged, while the USSR harvest is estimated slightly lower.

A detailed table and analysis appeared in the March *World Agricultural Production and Trade—Statistical Report.*

OAT PRODUCTION IN SPECIFIED AREAS

Area	1969	1970
	1,000 metric tons	*1,000 metric tons*
Canada	5,728	5,673
United States	13,787	13,201
France	2,309	2,070
Germany, West	2,976	2,484
Sweden	1,129	1,641
Eastern Europe	5,476	5,480
USSR	10,700	10,500
Others	9,656	9,451
Total	51,761	50,500

World Barley Crop Unchanged

World barley production in 1970 totaled 117 million metric tons, about the same as in 1969.

Canada produced 9.1 million tons of barley in 1970, up 10 percent, and the United States 8.9 million tons, down 2 percent. The West European crop declined 8 percent and the East European 6 percent. The Soviet harvest, however, is estimated as 24 percent higher.

A detailed table and analysis appeared in the March *World Agricultural Production and Trade—Statistical Report.*

BARLEY PRODUCTION IN SPECIFIED AREAS

Area	1969	1970
	1,000 metric tons	*1,000 metric tons*
Canada	8,238	9,051
United States	9,082	8,936
Denmark	5,255	4,813
France	9,452	8,009
Germany, West	5,130	4,754
Spain	3,855	3,100
United Kingdom	8,663	7,994
Eastern Europe	9,342	8,736
USSR	26,800	29,500
Australia	1,789	2,613
Others	29,268	29,455
Total	116,874	116,961

Fruits, Nuts, and Vegetables

Rain Cuts Australian Raisin Production

Rains followed by overcast and humid weather conditions cut 1971 Australian production of raisins and currants to 65,200 short tons, 37 percent below last year's level. Heavy infestations of downy mildew were reported following the rains, and indications are that much damaged fruit will be unsuitable for packing. Sultana production is now estimated at 54,000 tons, 40 percent below the 1970 level. Production of lexia raisins and currants is estimated at 3,900 tons and 7,300 tons respectively.

Exports of raisins and currants are forecast below last year's level. Calendar 1970 totals were: Sultanas, 62,600 tons; lexias, 122 tons; and currants, 3,900 tons. The United

AUSTRALIAN RAISIN PRODUCTION

Item	1968	1969	1970	1971 [1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Sultanas	75.6	44.7	90.4	54.0
Lexias	7.0	4.4	4.0	3.9
Currants	9.0	7.6	9.1	7.3
Total	91.6	56.7	103.5	65.2

[1] Estimated.

Kingdom, West Germany, and Canada were the major sultana markets, and Canada and the United Kingdom the major markets for currants.

Larger Australian Dried Prune Crop

Australia reports its largest dried prune crop since 1967. Estimates indicate that 1971 production totaled 6,200 short tons, 24 percent above last year's level and 44 percent above the 1965-69 average. Crops were reported heavy in the Murrumbidgee irrigation area and good in Victoria and South Australia.

Production during the past several years has been as follows:

1967	6,500
1968	1,800
1969	3,600
1970	5,000
1971 [1]	6,200

[1] Estimated.

AUSTRALIAN DRIED PRUNE SUPPLY, DISTRIBUTION

	1969	1970	1971 [1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Jan. 1)	0.1	0.2	0.7
Production	3.6	5.0	6.2
Total supply	3.7	5.2	6.9
Exports	.6	1.3	2.0
Domestic disappearance	2.9	3.2	3.1
Ending stocks (Dec. 31)	.2	.7	1.8
Total distribution	3.7	5.2	6.9

[1] Forecast.

Opening Date for Onions to Denmark

The opening date in Denmark for onion imports was April 5. No licenses are required April 16-May 31.

West German Bean-Cut Import Tender

West Germany has announced a tender allowing imports of canned wax bean cuts from the United States, Israel, Canada, and the Republic of South Africa.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than September 1971. Licenses issued will be valid until September 30, 1971. The first day of customs clearance is April 1, 1971.

Livestock and Meat Products

U.S. Meat Imports Down in February

Imports subject to the Meat Import Law during February 1971 totaled 65.1 million pounds, compared with 100.7 million for February 1970. Declared entries for consumption during January-February 1971, at 148.5 million pounds, were 34.1 percent below the 225.2 million pounds imported in the 2 months last year.

Reduced entries for consumption during February for all eligible suppliers except Mexico and Canada accounted for the decline. Imports from the largest supplier—Australia—totaled 30 million pounds. Mexico followed with 11.3 million pounds, New Zealand with 6.6 million, Ireland with 6.3 million, Canada with 6.1 million, and Costa Rica with 5.1 million.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW [1] BY COUNTRY

Country of origin	February		January-February		Change from 1970, Jan.-Feb.
	1970	1971	1970	1971	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Australia	47,313	22,951	118,137	53,596	−54.6
New Zealand	10,851	6,572	19,889	21,727	+9.2
Mexico	7,136	11,308	21,662	19,738	−8.9
Costa Rica	5,502	5,062	9,967	12,501	+25.4
Canada	5,815	6,146	11,959	12,432	+4.0
Ireland	10,709	6,289	17,324	12,110	−30.1
Nicaragua	5,013	3,484	8,557	7,852	−8.2
Honduras	2,466	1,021	6,942	3,934	−43.3
Guatemala	3,201	1,625	6,546	3,226	−50.7
Panama	1,129	239	1,824	472	−74.1
United Kingdom	862	325	862	444	−48.5
Dominican Republic	670	—	1,343	345	−74.3
Haiti	58	39	168	112	−33.3
Total	100,725	65,061	225,180	148,489	−34.1

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW [P.L. 88-482]

Imports	February	Jan.-Feb.
	Million pounds	*Million pounds*
1971:		
Subject to Meat Import Law [1]	65.1	148.5
Total beef and veal [2]	73.9	169.1
Total red meat [3]	109.5	242.7
1970:		
Subject to Meat Import Law [1]	100.7	225.2
Total beef and veal [2]	110.2	247.9
Total red meat [3]	153.5	323.7
1969:		
Subject to Meat Import Law [1]	50.4	92.3
Total beef and veal [2]	60.0	111.9
Total red meat [3]	85.7	149.3

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat, including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

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Foreign Agriculture

Benelux Marketing

(Continued from page 9)

of all retail sales in Belgium. An equally high concentration is expected in the Netherlands.

A few of the large Benelux corporate food chains and department-variety store chains may also become international in scope and operation.

Similar changes will take place in the wholesaling business, with a few large firms integrating importing, exporting, and domestic wholesaling and handling a large assortment of products. Emphasis will be shifted from order taking and shrewd bargaining to market development, promotion, and merchandising. And the staffs will consist of professionals who are well educated, knowledgeable of the products and markets, and experienced in management and marketing.

The Benelux food manufacturers foresee healthy gains in total business resulting from a 4- to 5-percent yearly rise in GNP, as well as an especially strong expansion in production of convenience foods. But they, too, recognize the need for extensive structural change and expect large reductions in numbers of small plants and modest increases in numbers of large ones. With no trade barriers within the European Community, the enlarging companies can look to other EC countries to take some of their expanded production.

Another factor in an increasingly modern and competitive business atmosphere will be the so-called American challenge, which actually means stiff competition from large international food companies.

U.S. exporters of food products face mixed prospects in the modernizing Benelux food market.

The Benelux food industry will be producing and selling a much wider range of products, some of which heretofore could be purchased only from outside sources. They will also have sophisticated marketing organizations able to more nearly match U.S. manufacturers' and exporters' skill in market research and promotion.

Thus, to be successful, U.S. firms cannot look upon the Benelux market as a dumping ground in years of excess production, or service it only sporadically. Rather, they will have to give the same careful attention to Benelux customers that they do to customers here at home and be prepared to make longer term arrangements than in the past.

U.S. exporters will also continue to face the threat of European Community trade barriers in addition to the limits to market size posed by the many different national laws and regulations on product standards, packages, labels, food additives, and preservatives. A uniform set of Common Market regulations is now under consideration, however, and could benefit both the U.S. exporters and the EC members if significant standardization of rules and regulations is achieved.

On the positive side is the U.S. food manufacturers' long-standing reputation for high and uniform quality and for superiority in technology, scale of operations, management, research and development, and marketing. Moreover, with the trend toward a few large firms, marketing in Benelux countries should become easier, allowing U.S. exporters to achieve substantial sales by intensively cultivating a few key contacts.

Along with convenience and processed foods certain off-season fruits and vegetables—including celery, radishes, and strawberries—and year-round supplies of iceberg lettuce appear to have good market potential. Another area of opportunity for U.S. companies is the manufacture of food products for sale under the importer's private label. These private brands may eventually account for 40 percent of branded-product sales in the Benelux countries.

Vietnam Poultry

(Continued from page 10)

and more Vietnamese families acquiring refrigerators, processed poultry sales are expected to climb—resulting in further economic strides for the industry. Already Vietnam's poultry producers, aided by U.S. technical know-how, have expanded their operations into an industry which boosted gross national product by an estimated US$300 million in 1970.